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AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION OF HUALAPAI VALLEY SOLAR LLC, IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES §§ 40-360.03 AND 40-360.06, FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING CONSTRUCTION OF THE HVS PROJECT, A 360 MW PARABOLIC TROUGH CONCENTRATING SOLAR THERMAL GENERATING FACILITY AND AN ASSOCIATED GEN-TIE LINE INTERCONNECTING THE GENERATING FACILITY TO THE EXISTING MEAD-PHOENIX 500kV TRANSMISSION LINE, THE MEAD-LIBERTY 345kV TRANMISSION LINE OR THE MOENKOPI-EL DORADO 500kV TRANSMISSION LINE.	Docket No. L-00000NN-09-0541-00151 Case No. 151 **NOTICE OF FILING PREFILED SUPPLEMENTAL DIRECT TESTIMONY OF GREG BARTLETT**

In accordance with the May 11, 2010 Procedural Order, Hualapai Valley Solar gives notice of filing the prefiled supplemental direct testimony of Greg Bartlett.

RESPECTFULLY submitted this 7th day of June, 2010.

LEWIS AND ROCA LLP

Thomas H. Campbell
Albert H. Acken
40 N. Central Avenue
Phoenix, Arizona 85007
Attorneys for Hualapai Valley Solar LLC

Arizona Corporation Commission
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LEWIS AND ROCA LLP LAWYERS

ORIGINAL and twenty (20) copies of the foregoing filed this 7th day of June, 2010, with:

The Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

COPY of the foregoing served electronically this 7th day of June, 2010, to:

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PREFILED SUPPLMENTAL DIRECT TESTIMONY OF GREG BARTLETT

June 7, 2010

Question 1. Do you have any new information about the effluent agreement with the City of Kingman?

Answer 1. The basic outline of the effluent agreement was first set forth in a non-binding Letter of Intent signed in June 2009 (Exhibit HVS-14). Hualapai Valley Solar ("HVS") and the City of Kingman then negotiated a binding Memorandum of Understanding (MOU), binding the City and HVS to negotiate the definitive contract in good faith. This binding MOU was executed by both parties in January 2010 (Exhibit HVS-15).

At a City Council meeting held on March 1, 2010, the Kingman City Council unanimously approved new policy and pricing guidelines for selling treated wastewater; the Kingman Municipal Utilities Commission (MUC) had previously approved the new City policy unanimously. The new City policy was a prerequisite to a definitive contract with HVS. A copy of the policy is attached.

With the pricing and policy established, HVS and the City of Kingman have held multiple meetings in Kingman, working out key details of a definitive purchase contract, including minimum quantity guarantees, quality and mix of effluent delivered (Class A+ and/or Class B+), requirements for storage, additional permitting or amended permits that may be required, and future increases in delivery due to population growth or septic tank conversions within the City limits. All of the key details remain consistent with the binding MOU.

HVS and the City of Kingman are currently working to sign a definitive effluent purchase contract by the end of July 2010. The contract will have to be approved by the Kingman City Council.

Question 2. Do you have any new information about discussions with the Arizona Building Trades (ABT)?

Answer 2. Yes. Various discussions and interactions have taken place since January 2010, including co-sponsoring a Green Energy Job Fair in Kingman and participating together as stakeholders in Mohave County's ARRA-funded programs for training future workers in the renewable energy industry.

HVS is reviewing a draft model labor agreement for non-union and union workers, provided by ABT. In addition, HVS and ABT are currently discussing a joint Letter of Intent (LOI) that would capture the shared goals of both parties.

HVS will continue its efforts to work with ABT in good faith.

Question 3. Do you have any new information about the Company's relationship with the Hualapai Nation?

Answer 3. Yes. Since January 2010, Mohave Sun Power LLC – the parent company of HVS – and the Hualapai Nation's Renewable Energy Team – including consultants, Tribal attorneys, and the Hualapai Economic Development Director – have been discussing a collaborative effort to develop renewable energy projects on Tribal land.

At a special Council meeting held in Peach Springs, Arizona, on March 27, 2010, Mohave Sun Power and the Hualapai Renewable Energy Team presented and reviewed a binding Memorandum of Understanding (MOU) that captures the goals of this collaborative relationship to the Hualapai Tribal Council.

HVS has worked with the Hualapai Nation for some time now in the NEPA process, with the Tribe being contracted to provide cultural resource surveys and ethnographic studies. This work was presented and reviewed along with the proposed MOU at the March 27 special meeting of the Tribal Council.

The Tribal Council is scheduled to vote on approval of the MOU at a regularly scheduled Council meeting in June 2010.

Question 4. **Do you have any new information regarding interconnection of the HVS facility?**

Answer 4. Yes. The Western Area Power Administration (Western) Transmission Infrastructure Program (TIP) Program Manager, T. Craig Knoell, notified HVS that its March 2009 proposal for the Mead Phoenix Project 500 kV and Mead-Peacock-Liberty 345 kV interconnection was selected for further review to determine Western's potential future participation.

In a subsequent discussion, Western has requested a revised proposal from HVS that updates Western on the HVS Project's progress since the initial TIP proposal was submitted, and details the co-development relationship and plans between Mohave Sun Power and the Hualapai Nation.

The TIP assigns Western a $3.2 billion authority to help finance transmission upgrades on Western-owned transmission systems, specifically for renewable energy development.

Question 5. Please summarize your supplemental testimony concerning the need for this Project

Answer 5. Recent developments with Western's TIP and HVS' working relationship with the Hualapai Nation have introduced two new parties in Arizona that consider the project important to the growth of renewable energy in Mohave County, Arizona. The HVS project can be an important "anchor tenant" in a renewable energy corridor between Phoenix and the Hoover Dam.

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Council Members

FROM: Engineering Services

MEETING DATE: March 1, 2010

AGENDA SUBJECT: Ordinance No. 1672 - Modifying the Utility Regulations to Include a Policy, Article and Rates for Reclaimed Water

UPDATE: This ordinance was tabled at the January 4, 2010 meeting. Staff has revised the wording on use of reclaimed water for turf and golf courses. Use of reclaimed water for new turf and golf course development will be required only when: (1) development occurs within 1,000 feet of a reclaimed water main, and (2) if sufficient volume of reclaimed water is available.

SUMMARY: The Hilltop Plant will be capable of producing up to 1 million gallons per day (MGD) of A+ quality effluent. Additional capacity to produce A+ effluent can be added in the future as the demand for reclaimed water increases. Reclaimed water may be used for many purposes including golf courses, industrial uses, agricultural and dust control for construction.

Staff has been working with our consultant, Brown & Caldwell, on developing a policy and guidelines for sale and use of reclaimed water. Policies and requirements from cities in the Phoenix Metropolitan area have been reviewed and modified for use in Kingman.

The proposed Policy statement is a guideline on where and when reclaimed water should be used. The proposed Article XI includes the specifics of reclaimed water service such as definitions, priorities and engineering requirements.

The proposed rate is $0.643 per 1000 gallons of reclaimed water. Fees for meter reading, administration and billing would be charged at the same rate as potable water users. The proposed rate is based on the known costs for construction of A+ treatment facilities as well as estimates for capital costs for distribution, the amount of labor, maintenance and power costs.

The proposed policy, article and rates were reviewed by the Municipal Utility Commission at their December 17, 2009 meeting and recommended for adoption by a vote of 6 to 0.

ATTACHMENTS: Ordinance No. 1672

RECOMMENDATION: The Municipal Utility Commission voted 6-0 to recommend adoption of the proposed Policy, Article and Rates for reclaimed wastewater. Staff recommends approval of Ordinance No. 1672.

Signature of Dept. Head

City Attorney
Approved as to Form

City Manager's Review

AGENDA ITEM:

CITY OF KINGMAN
ORDINANCE NO. 1672

AN ORDINANCE BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF KINGMAN, ARIZONA, ADOPTING A POLICY, ARTICLE AND RATES FOR THE MUNICIPAL UTILITY REGULATIONS REGARDING RECLAIMED WATER

WHEREAS, the City of Kingman is in the process of reconstructing its Hilltop Wastewater Treatment Plant, which upon completion will be capable of producing A+ quality effluent; and

WHEREAS, the Common Council of the City of Kingman recognizes the need to have a Policy, Article and Rates for managing the sale, use and distribution of reclaimed water; and

WHEREAS, the Municipal Utility Commission has reviewed the Policy, Article and Rates for reclaimed water at its December 17, 2009 regular meeting and recommends modifying the Utility Regulations to include such Policy, Article and Rates.

NOW, THEREFORE, BE IT ORDAINED by the Common Council of the City of Kingman that the Municipal Utility Regulations are hereby amended as follows:

1. Exhibit A, the Reclaimed Water Service Policy, shall be added to the introduction of the Utility Regulations following the existing policies on water, sewer and sanitary service.
2. Exhibit B, the text and requirements for Reclaimed Water Service, shall be added to the Utility Regulations as Article XI.
3. Exhibit C, Rates for Reclaimed Water, shall be added to the Utility Regulations at the end of Article VI.

PASSED AND ADOPTED by the Mayor and Common Council of the CITY OF KINGMAN, Arizona, this 1st day of March 2010.

ATTEST:

_____
Deborah Francis, City Clerk

APPROVED:

_____
John Salem, Mayor

APPROVED AS TO FORM:

_____
Carl Cooper, City Attorney

Exhibit A

RECLAIMED WATER POLICY

RECLAIMED WATER POLICY

Reclaimed water, or effluent, is the one increasing water source in our state. As our population and water use grows, more treated wastewater will be available. Reclaimed water is treated to a quality that can be used for purposes such as agriculture, golf courses, parks, industrial cooling, or maintenance of wildlife areas.

Direct reuse of reclaimed water recycles treated effluent for beneficial uses, thereby conserving potable water sources for human consumption and domestic uses. Regulations apply to wastewater treatment facilities supplying reclaimed water and to the sites where water is applied or used.

The City of Kingman's upgraded Hilltop Water Reclamation Facility is capable of producing effluent that will meet State regulatory requirements for reclaimed water. The City desires to make beneficial use of the reclaimed water, therefore has developed this Reclaimed Water Policy as a guide for use of this valuable water resource.

The City's Reclaimed Water System has been developed and operated pursuant to established water policies of the Mayor and Council. The main policies relating to the use of reclaimed water are briefly summarized below:

- Priority shall be given to the development of treatment capacity and delivery systems for non-potable water.
- Whenever possible, the use of non-potable water in place of potable water shall be required for landscape irrigation and industrial uses.
- When a reclaimed water main is within 1000 feet of development, and if sufficient volume of reclaimed water is available, new turf facilities and golf course development shall extend service and use effluent or reclaimed water for irrigation purposes.
- The substitution of effluent and reclaimed water for potable source waters is an important element in managing limited water resources. Rate setting for effluent shall be in accordance with the following precepts:
    - o Charges for effluent and reclaimed water shall be based on the cost of service whenever possible.
    - o To the extent that charges for effluent and reclaimed water that are based on cost of service do not provide an adequate price incentive, the price of reclaimed water shall be based on a market value which encourages its use.

Non-Potable Water

The following shall be considered for potential uses of non-potable water:

- Landscape and golf course irrigation
- Industrial uses
- Construction water / dust control
- Direct recharge
- Agricultural irrigation and livestock watering

The following priorities, from highest to lowest, are established for utilization of non-potable water:

- Direct use to replace an existing use of potable water
- Direct use to replace a new use of potable water
- Discharge by way of infiltration basins or direct surface discharge under appropriate permits for groundwater replenishment
- Direct use for agricultural purposes

The use of non-potable water shall be on a first-come, first-served basis, with additional priority as follows:

- Developers
- Industrial users
- Parks
- Miscellaneous uses such as construction and dust control

Since contractual rights to the use of effluent may result in added value to a user's property, contracts shall recognize that possibility and require waiver of such added value by a property owner contracting for effluent use in the event of purchase or condemnation of the property by the City through negotiation.

The potential for using reclaimed water shall be evaluated and included in all new and existing water and land use plans.

The City shall actively work with new and existing large water users, including golf courses, parks, schools, cemeteries, industrial and multi-family complexes, to provide practical and economic service by the reclaimed water system.

Where feasible reclaimed water will be used by the City for cleaning sewers.

Any conditions of interim use of potable water shall be made a part of water service agreements and other appropriate contracts to assure prompt action converting to the

maximum use of effluent or reclaimed water for irrigation purposes. These conditions shall include, but not be limited to:

- the date by which the City is required to have its portion of the system in place;
- requirements for financial participation by the developer in the construction of the project;
- penalties for non-compliance; and
- a surcharge equaling 50% of the potable water rate in addition to the regular rates and charges. This surcharge shall not apply when the continued use of potable water is required solely due to deficiencies in the City's system or delays in City construction.

When private development requires reclaimed water service in advance of the City's construction schedule, developers shall work with the City to formulate a plan of service to be implemented at the sole expense of the developer with facilities to be dedicated to the City upon completion.

When funding is available, the City will finance or participate in the construction of reclaimed water pipelines in the City's service area to serve customers whose estimated reclaimed water usage is sufficient to justify pipeline construction on the basis of economic feasibility.

Recharge

Groundwater recharge of reclaimed water not able to be reused shall be used as a strategy for augmenting the groundwater and for providing long-term operational flexibility of the City's supply system.

Exhibit B

ARTICLE XI: RECLAIMED WATER SERVICE

11.1 DEFINITIONS

For the purposes of this article, the following words, terms and phrases shall have the meanings respectively ascribed to them in this section:

Approved: Accepted by the City Engineer as meeting an applicable specification stated or cited in this chapter, or as suitable for the proposed use.

Appurtenances: Items attached to a main structure which enables it to function, but not considered an integral part of it.

Buy-in Assessment. Payments to the City for connection to a reclaimed water main.

City reclaimed water distribution system: The network of public reclaimed waterlines which compose the basic grid and distribution system for reclaimed water service and all appurtenances thereto.

Developer: Any person or persons, corporation, partnership or firm desiring reclaimed water service.

Large volume reclaimed water user: A developer or project that will receive a peak flow of two hundred fifty thousand (250,000) gallons of reclaimed water per day or more for all property within the development at build out. This designation is not impacted by the number of meters, turnouts or contracts associated with delivery of reclaimed water to property within a development.

Public waterline or *public water main:* A waterline owned and maintained by the City.

Reclaimed water: Effluent which has been treated to achieve a quality suitable for its intended use as prescribed by federal and state regulations.

Reclaimed water service: City service to provide reclaimed water for commercial, industrial, agricultural, construction, recreational and landscaping purpose.

Reimbursement agreement: Payback Agreement as defined in Article IX of these Utility Regulations.

Service line: A pipe carrying reclaimed water from the public waterline to a water meter or other point of distribution.

Small volume reclaimed water users: A developer or project that will receive a peak flow of less than two hundred fifty thousand (250,000) gallons of reclaimed water per day for all property within a development at build out. This designation is not impacted by the number of meters, turnouts or contracts associated with delivery of reclaimed water to property within a development.

Turnout structure. The means of delivery of reclaimed water to a point of storage or use, including pipe, valve(s) and meter.

11.2 POLICY ESTABLISHED

A. There is hereby established a policy and orderly program to provide reclaimed water service for all areas within the City Water Service Boundary (CWSB). Reclaimed water service shall be provided to other areas outside the CWSB pursuant to this chapter if the City reasonably determines that the reclaimed water distribution system is in place to deliver reclaimed water to that area and that the City has reclaimed water available for delivery.

B. The City Council may agree to participate in the cost of construction to oversize transmission mains if construction funds are available. Unless otherwise approved by the City Council, the City shall pay for its portion of the costs based on Article VIII of these Utility Regulations.

C. The Director of the Public Works Department shall estimate, on or before December 1 of each year, the amount of reclaimed water available for the next calendar year, identify the minimum quantity of reclaimed water needed to operate City recharge facilities, and allocate reclaimed water available after subtracting quantities needed to operate all recharge facilities among all developers requesting reclaimed water service for the next calendar year in accordance with the priority of delivery provisions set forth in section 11.3.

11.3 PRIORITY OF DELIVERY

A. If there is insufficient reclaimed water available to meet demands of all the developers requesting reclaimed water service, the City shall use a tiered approach to allocate available reclaimed water. In the case of such a shortage the City shall provide first priority to satisfy reclaimed water obligations associated with any water adequacy requirements of the City of Kingman and/or Indian water rights settlements.

B. If reclaimed water is available after satisfying in full all priority obligations set forth in paragraph 11.3, A, above, such remaining reclaimed water shall be allocated to developers within the CWSB with which the City has negotiated an agreement on a first-come, first-served basis .

C. In the event of an unforeseen shortage of available reclaimed water during any calendar year, the delivery of reclaimed water shall be reallocated in a manner consistent with paragraphs A and B, above.

11.4 AGREEMENT REQUIRED

It shall be unlawful to receive or use reclaimed water in any area within the CWSB other than by contract or agreement with the City. All agreements shall be reviewed by the Municipal Utility Commission (MUC) and approved by the City Council.

11.5 RECLAIMED WATER METERS REQUIRED

It shall be unlawful for any person to receive reclaimed water from the City reclaimed water distribution system on any parcel unless the City shall have placed or directed the placing of a reclaimed water meter upon each parcel. It shall be the responsibility of the Developer's engineering consultant to direct the type and size of reclaimed water meter to be installed in the turnout based on the proposed quantity of reclaimed water to be used.

11.6 TAMPERING FORBIDDEN

It shall be unlawful for any person to tamper with the City reclaimed water distribution system or to operate City turnouts to receive reclaimed water in a manner inconsistent with section 11.16 of this chapter.

11.7 INTERFERENCE WITH CITY EMPLOYEES/AGENTS PROHIBITED

It shall be unlawful for any person to interfere in any way with any officer, employee or agent of the City charged with management, construction, operation, inspection, testing or maintenance of the reclaimed water system in the discharge of his/her duties.

11.8 DISCONNECTION OF RECLAIMED WATER SERVICE FOR VIOLATION OF CHAPTER

In addition to the penalties set forth in section 11.18 of this chapter, the Director of the Public Works Department is hereby authorized and directed to disconnect reclaimed water service from any premises served in violation of this chapter or in violation of any contractual provision regarding reclaimed water service. Before any such discontinuance shall be made, the developer shall receive written notice of violation and be advised in writing of the opportunity to meet with designated personnel to present any objections.

11.9 CONTRACT FOR EXTENSION OF RECLAIMED WATER MAINS

At its option, the City may participate with a developer in a construction contract to extend reclaimed water mains up to the limit allowed by ARS 34.201G.

11.10 RECLAIMED WATER MAIN EXTENSION REIMBURSEMENT AGREEMENT

A developer who extends reclaimed water main(s) which provide(s) a means of service to property owned by others may enter into an agreement with the City providing for reimbursement of a portion of the costs when property abutting the main extensions

develops. Such agreements shall conform to the City's Utility Regulations, Article IX: Payback Agreements.

11.11 BUY-IN ASSESSMENTS

Buy-in assessments shall be paid as described in Article IX of these Utility Regulations.

11.12 ENGINEERING REQUIREMENTS

The following engineering requirements shall apply to all public reclaimed waterline extensions and onsite reclaimed water delivery systems:

A. The developer causing extension of a reclaimed waterline shall locate it in City, County, or Arizona Department of Transportation rights-of-way or easements and shall pay in full, less approved City participation as provided above, the engineering, construction and inspection costs of the lines and appurtenances.

B. The developer causing extension of a reclaimed waterline shall be responsible to obtain permits from all affected agencies or others having jurisdiction.

C. Plans and specifications shall be prepared in accordance with appropriate standards as established by these regulations. All engineering requirements of the entity owning the right-of-way shall be adhered to.

D. Each lot or parcel of land classified as a Small Volume Water User to be served with reclaimed water shall abut a reclaimed water main. Distribution of water within the development for Large Volume Water Users shall be in accordance with an agreement with the City.

E. All lines shall be sized in accordance with the latest reclaimed water system master plan, if available, except that the City Engineer reserves the right to increase or decrease the diameter of any and all mains described in the plan when requirements so dictate.

F. In all developments such as subdivisions, multifamily tracts, commercial centers, shopping centers, golf courses, parks, industrial or other similar developments, the developer shall furnish and install, to City specifications, all reclaimed water mains, service connections, valves, fittings, storage structures, turnout structures and appurtenances within the boundary of the development as well as the streets bounding the tracts, and make reclaimed waterline extensions as determined necessary by the City Engineer. For developments that have irrigation infrastructure in place, the City Engineer, upon receipt of a written request from a developer and with MUC approval, may elect to construct and finance a turnout structure to permit that development to convert to the use of reclaimed water for irrigation purposes. In such cases the developer shall

be required to enter into a contract for repayment of the costs of constructing the turnout over a period not to exceed ten (10) years at an interest rate of eight (8) percent compounded on a monthly basis. Payments shall be made by the developer on a monthly basis.

G. All main line valves shall use MAG Standard Detail 391-1 Type A or C valve box with a square or rectangular frame and cover with the words "Reclaimed Water" in raised letters on the cover. Debris caps (MAG Standard Detail 392) shall be installed on each valve.

H. All reclaimed water distribution systems shall be clearly identified in accordance with MAG Specifications Section 616. All subsurface piping and fixtures shall be installed with purple pipe or by wrapping the pipe with Christy's polyethylene encasement (polywrap) or equal and by marking above ground parts, including valves, valve boxes and covers, controllers, piping, hose bibs, and other outlets purple.

I. The engineering requirements set forth herein are intended to supplement rather than supersede other applicable local county, state and federal requirements and, in the case of conflict, the more stringent requirement shall apply.

11.13 STORAGE REQUIREMENTS

A. Large volume reclaimed water users shall construct on-site reclaimed water storage structures capable of containing a minimum of three (3) days of average daily flow of reclaimed water to the site (computed on an annual basis) in addition to all storage structures and retention basins required to contain stormwater.

B. Small volume reclaimed water users shall not be required to construct any on-site reclaimed water storage structures.

11.14 PERMITS, INSPECTION AND ACCEPTANCE OF IMPROVEMENTS

A. It shall be unlawful for any person or persons to connect to the reclaimed water system of the City or to permit reclaimed water from the reclaimed water system of the City to flow through any reclaimed waterline unless an agreement has been entered into by the prospective reuser and the City and the construction has been accepted by the City.

B. Approval of plans, issuance of permits, off-site inspections, and acceptance of improvements shall be performed as set forth in Article VII of these Utility Regulations.

C. The City shall acquire written documented ownership of all public reclaimed waterline extensions when completed, approved and accepted. The extensions shall be conveyed to the City free and clear of all clouds to

title, including liens and encumbrances. Permanent type, certified, reproducible as-built record plans shall be filed with the City Engineer upon completion of construction.

11.15 OPERATION OF TURNOUT STRUCTURES

A. The City shall control, maintain and operate all turnout structures used in conjunction with the delivery of reclaimed water to large volume reclaimed water users.

B. Each small volume reclaimed water user shall control, maintain and operate the turnout structure used to receive reclaimed water to the premises in accordance with the agreement entered into with the City pursuant to section 11.4 of this chapter.

11.16 EXTENSION OF RECLAIMED WATER SERVICE OUTSIDE CWSB

The City Council may authorize the extension and service of City reclaimed water services beyond the current CWSB upon the following terms and conditions.

A. The proponents of such public extension and service shall bear in full all costs of rights-of-way, construction, engineering, installation, inspection and testing of all lines, pipes, mains, meters and other appurtenances necessary for the service, and the same shall be installed in accordance with current City standards. All easements required to be obtained for construction or maintenance of the mains shall be dedicated to the City.

B. Reclaimed water mains and appurtenances installed in public rights-of-way or easements shall, upon approval by the City Engineer, be accepted by the City for ownership and maintenance, and the City shall have exclusive control, supervision and management of same.

C. Applicants for reclaimed water service shall be charged for turnouts, service lines, development fees, buy-ins, reclaimed water rates and any other fees as prescribed by the Council.

D. The property to be served shall meet the same development standards required of properties within the City limits to the maximum extent reasonably possible as determined by the City Engineer.

E. The Council may deny or cause service beyond the CWSB to be discontinued following thirty (30) days' written notice to affected properties if it finds that continued service seriously threatens or endangers the efficient and adequate service within the CWSB. Before discontinuance, the developer shall be advised in writing of the opportunity to meet with designated personnel to present any objections.

F. The Council may deny or discontinue reclaimed water service, subject to notification as described above, to any premises occupied or used for illegal purposes, or maintained in such a manner as to present a public nuisance.

11.17 PENALTIES

Any person violating any of the provisions of this chapter shall be guilty of a misdemeanor and shall be punished in accordance with Article 2 of this Code.

Exhibit C

RECLAIMED WATER RATES

6.5 RECLAIMED WATER

Reclaimed water utility rates for the City of Kingman Arizona, shall generally be set according to the policies contained in Article VI, 6.1 of the City Utility Regulations. The initial usage rates are set based on the following assumptions:

- Rates shall be sufficient to cover the City's cost to amortize the components of the wastewater treatment system specifically dedicated to producing tertiary quality reclaimed wastewater over a re-payment period and at an interest rate (combined interest and fee) matching the construction loan obtained from the Water Infrastructure and Finance Authority of Arizona (WIFA)
- Rates shall be sufficient to cover the City's cost to amortize the additional system components required to deliver the water
- A 1 1/3 multiplier is included to cover the highest combined principal and interest for the capital components of the reclaimed water system
- Rates shall also include an amount sufficient to cover the reclaimed water production and distribution system operation and maintenance costs
- Base service charge fee as published in Article VI, 6.2 (Water Line) shall apply to the reclaimed water system
- The fees and conditions contained in Article VI, 6.2 for Special Meter reading rates and testing deposit shall apply to the reclaimed water system.
- Service reconnect charge as published in Article VI, 6.2 shall apply to the reclaimed water system
- The City of Kingman shall not be charged for reclaimed water use
- Use charges (unit rates) are calculated based on the current permitted reclaimed water system capacity, which is 1.0 million gallons per day (mgd)
- Reclaimed revenues will be used for operations, maintenance, and loans associated with the City's utilities enterprise funds.

The unit cost is $0.643 per 1,000 gallons. This rate will be reviewed periodically and is subject to change based on the City's capital, operational and maintenance costs for the treatment and production of reclaimed water.